

Name _____

Financial Math

Inflation Calculations with CPI

1) Gasoline was \$0.89 in 1987. At the same gas station, gasoline was \$1.14 in 1997. Today, you can buy gas for \$3.29 at that same gas station

a. Use CPI proportions to determine when the house was at its cheapest in “real dollars”

b. How about most expensive?

2) A house in Mt. Sinai’s Plymouth neighborhood sold for \$34,000 in 1976, sold again for \$83,000 in 1983, sold again for \$417,000 in 2004, and is currently worth \$420,000 today.

a. Use CPI proportions to determine when the house was at its cheapest in “real dollars”

b. How about most expensive?